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SUBJECT: HHS Delegation Views Aquaculture Industry in China's
Shrimp-Producing Capital

Ref A: Guangzhou 767 Ref B: Beijing 5101

¶1. (SBU) SUMMARY: Chinese officials emphasized to a U.S. Department of Health and Human Services (HHS) delegation touring the shrimp-processing industry in Zhanjiang, Guangdong province on August 3 their hope that the visit would help to ease or remove the current import alert on shrimp and other farm-raised seafood. Their goal: to resume aquaculture industry exports to the U.S. as soon as possible. The delegation had an opportunity to visit the headquarters of the local food quality and safety inspection department, a food quality testing laboratory, a seafood processing plant, and a shrimp farm, where they discussed the traceability, monitoring, testing, and overall quality control of the products.
END SUMMARY

Police Escorts and Red Carpets

¶2. (SBU) The VIP treatment provided to the delegation during its whirlwind visit to Zhanjiang highlighted the importance placed by the Chinese on resolving the issue of Chinese shrimp importation to the United States. (Ref A provides some statistics different from the ones in this cable.) Though the delegation was careful to state that the purpose of its visit was not to inspect food-processing facilities, but to learn first-hand about the aquaculture process in South China, the local press nonetheless cast the visit as an "inspection and assessment visit." Semantics aside, stories in the Zhanjiang press were generally positive and stressed bilateral cooperation, which reflected the overall tone desired by the Chinese side.

¶3. (SBU) The HHS delegation's visit drew high-level interest at the national, provincial, and municipal levels. In addition to a lunch hosted by Zhanjiang's mayor and attended by the city's director general, both Vice Mayor Mai Jiaomeng and city Vice Secretary-general Liu Bing accompanied the traveling party

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throughout the day. Import and Export Food Safety Bureau Deputy Director General Li Chunfeng, from the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ), and Bureau of Fisheries Deputy Director Guo Yunfeng represented Beijing during the visit. One of the most active participants was Guangdong Entry-Exit Inspection and Quarantine Bureau (Guangdong CIQ) Director General Zhong De Chang, who spoke passionately about his bureau's role in regulating exports from Guangdong province.

Serious Business

14. (SBU) Zhanjiang's economic reliance on shrimp exports to the United States is immense. The city is the biggest prawn producer in China, and boasts an export market of USD 470 million annually -- 52 percent of which is to the United States. The U.S. Food and Drug Administration's import alert, along with bad press from other food safety scandals, has already had a dramatic effect on South China; one member of the delegation reported having been told that the ripple effect from the import alert had already affected the livelihoods of more than one million people in Guangdong. Regardless of the actual numbers, the Chinese side took special pains to highlight repeatedly that they take food safety seriously, and that inspection, certification and registration are integral parts of the aquaculture industry here.

The Inspection, Certification, and Registration Process

15. (SBU) Inspections by Guangdong CIQ of aquiculture companies take several forms:

--first, there is a yearly inspection to determine if the firm meets the requirements of CIQ certification; a producer must meet or exceed these standards if it wishes to engage in export activities;

--second, an inspection takes place at least once each breeding cycle, though Guangdong CIQ's Zhong noted that inspectors practically live in the plants during breeding season;

--third, periodic, unannounced visits throughout the lifecycle and processing ensure continued adherence to standards.

NOTE: If a species is considered "high risk," which means that it has a higher rate of sickness, or that it requires more frequent

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administration of drugs than most species, the duration between inspections is shortened. END NOTE.

16. (SBU) The delegation visited a food testing laboratory that provides technical support to Zhanjiang CIQ's operations and inspections by testing for drug and chemical residue, heavy metals, and microorganisms. The lab's 25 employees include specialists in chemistry, food science, and marine biology, as well as two advisors with doctoral degrees. While touring the facility, at least one member of the HHS delegation noted that the laboratory contained numerous expensive -- and important -- high-tech instruments for testing samples similar to those seen in other international food processing facilities.

17. (SBU) Zhanjiang CIQ indicated that it has strengthened its registration program by implementing an electronic video surveillance and accounting system, which allows real-time monitoring of some fish farms, processing plants, and packing areas. The accounting system tracks all export-bound products by batch and identification numbers, and can be used to trace problems to individual producers. According to Zhong, this electronic system is intended to complement, not replace, the present inspection regimen, and reaches beyond seafood products to all types of foodstuffs.

Shrimp by the Ton

18. (SBU) The Guolian Aquatic Products Company processing facility has an area of one million square meters, of which 60,000 square meters are workshops. The facility, which runs on two shifts, can process 300 tons of seafood -- mostly prawns and tilapia -- each day, and has a cold storage capacity of 10,000 tons. Its 4,600 employees include 400 "technicians" who direct the unskilled workforce and perform administrative duties.

19. (SBU) The Guolian facility is a showcase for Zhanjiang's food safety and quality control system. Employees working around food products pass through an elaborate decontamination process before beginning their shift (as did the delegation on their tour). The

processing facilities, which began service in 2000, appeared clean and well organized. Guolian's electronic long-distance video supervisory system allows managers at company headquarters to monitor not only every aspect of operations at the processing plant, but also to view activity at the company's aquaculture farm from their desks. Plant officials also said they could provide access to this video over the internet to customers in such locations as Japan, for example, who wished to monitor activities in real-time.

And on His Farm He had a Shrimp . . .

¶10. (SBU) The Guolian Nansan Farming Base consists of 46 ponds, a hatchery center, office buildings and dormitories -- all spanning 800 hectares on sandy Nansan Island. The facility, which breeds over 20 billion larva annually, serves as the source of shrimp for Guolian's processing plant. The farm only uses feed from CIQ-registered sources, and employs a system to monitor and maintain water cleanliness, salination, and temperature. Employees coming into contact with breed-stock and the like are required to don protective clothes, gloves, hats, and masks, and must rinse their boots in antiseptic before entering the 7,000 square meter hatchery center.

¶11. (SBU) The Farming Base performs nearly all stages of prawn life-cycle management. According to Guolian's president, Li Zhong, the company lacks the technology to cultivate the shrimp eggs required for each breeding cycle, and must still purchase this expensive "raw material" from vendors in the United States. Li noted that Guolian is currently developing this technology for its own use.

Not-so-quiet Desperation

¶12. (SBU) The final meeting of the day -- held immediately before the delegation left for the airport -- consisted of the Chinese side essentially begging for the delegation's help in resolving the shrimp-trade issue. The delegation reiterated that the previous days' talks in Beijing (Ref B) had set a framework for signing a Memorandum of Agreement on the food and feed safety issue, but that much work was still to be done before the December deadline. As a parting statement, Li Chun Feng noted that, after seeing the effort

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by the Zhanjiang government to make the visit a success, and considering the support from the central government in Beijing, he had no doubt that China was willing to do whatever was necessary to resume seafood exports to the United States. (COMMENT: Judging by the awkward timing and forceful presentation of his brief remarks, Li was almost certainly working from Beijing-approved talking points when he made this final statement. END COMMENT.)

¶13. The Delegation did not have an opportunity to review this cable before transmission.

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